

DESCRIPTION AND JUSTIFICATION

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DESCRIPTION AND JUSTIFICATION

I. Introduction

A. Background

This filing represents Aliant Communications Co.'s ("Aliant") change in USF contribution due to the F.C.C.'s factor change which was released December 8, 2000 in DA 00-2764. In addition, this filing is being made to revise the subscriber line charges due to corrections in the amount of USF support reported in earlier filings and to adjust certain 36 month and 60 month special access rates in order to make them lower than the corresponding month to month rates.

Aliant has an operating territory in the 958 LATA, which lies primarily in southeastern Nebraska with a few subscribers in Kansas and Iowa. Aliant has over 250,000 access lines in service.

This filing is being made in compliance with the following:

- Second Report and Order, *In the Matter of Policy and Rules Concerning Rates for Dominant Carriers*, CC Docket No. 87-313, Released October 4, 1990;

- Order on Reconsideration, *In the Matter of Policy and Rules Concerning Rates for Dominant Carriers*, CC Docket No. 87-313, Released April 17, 1991;
- First Report and Order, *In the Matter of Price Cap Performance Review for Local Exchange Carriers*, CC Docket No. 94-1, Released April 7, 1995;
- Report and Order, *In the Matter of Price Cap Regulation of Local Exchange Carriers, Rate-of-Return Sharing and Lower Formula Adjustment*, CC Docket No. 93-179, Released April 14, 1995;
- Fourth Report and Order, *In the Matter of Price Cap Performance Review for Local Exchange Carriers*, CC Docket No. 94-1, Released May 21, 1997;
- First Report and Order, *In the Matter of Access Charge Reform*, CC Docket No. 96-262, Released May 16, 1997;
- Second Order on Reconsideration and Memorandum Opinion and Order, *In the Matter of Access Charge Reform*, CC Docket No. 96-262, Released October 9, 1997;
- Third Report and Order, *In the Matter of Access Charge Reform*, CC Docket No. 96-262, Released November 26, 1997;
- Report and Order & Further Notice of Proposed Rulemaking, *In the Matter of Defining Primary Lines*, CC Docket No. 97-181, Released March 10, 1999;
- Public Notice, DA 99-584, Released March 25, 1999;
- Public Notice, DA99-1091, released June 4, 1999;
- Sixth Report and Order, *In the Matter of Access Charge Reform*, CC Docket 92-262, Released May 31, 2000 (CALLS);

- And in accordance with Commission Rules in 47 C.F.R. § 61.38 and § 61.41 through § 61.49;

Herein referred to collectively as the “Price Cap Rules”;

- And with Commission Rules in 47 C.F.R., Part 61, generally.

B. Waivers

Aliant lists below all currently applicable waivers that permit rate elements different than those specified in 47 C.F.R., Part 69.

The Commission in Memorandum Opinion and Order, *In the Matter of Annual 1989 Access Tariff Filings*, DA 88-1872, Released December 2, 1988, extended indefinitely the waiver allowing carriers to bill \$25.00 for a special access surcharge. This element is included in Aliant's Common Line basket.

The Commission in Memorandum Opinion and Order, *In the Matter of Lincoln Telephone and Telegraph Company Petition for Waiver of Part 69*, DA 89-654, Released June 21, 1989, granted a waiver allowing (then) Lincoln to establish a separate rate element for 900 Access Service. This element is included in Aliant's Local Switching service category within the Traffic Sensitive Basket.

The Commission in Memorandum Opinion and Order, *In the Matter of Lincoln Telephone and Telegraph Company Petition for Waiver of the Commission's Rules To Establish 500 Access Service*, DA 95-115, Released January 26, 1995, granted a waiver allowing (then) Lincoln to establish a separate rate

element for 500 Access Service. This element is included in Aliant's Local Switching Service category within the Traffic Sensitive Basket.

The Commission in Memorandum Opinion and Order, *In the Matter of United States Telephone Association Petition for Waiver of Section 69.152 (b) and 69.153 (c) (1) of the Commissions Rules*, DA 99-1122, released June 8, 1999, granted a waiver to allow price cap LECs to use USTA's proposed interim calculations only when necessary to compensate for an anomaly that produces negative multi-line business PICCs.

C. New Services

Aliant is not proposing to add any new services in this filing.

II. Index and Rate Development

A. Existing Indices

The existing indices are those indices that became effective on August 11, 2000. See Exhibit TRP Form IND-1 for transmittal numbers under which existing indices became effective.

B. PCI Development

Aliant calculated its Price Cap Indices ("PCIs") in accordance with the Price Cap Rules. Aliant is not proposing any changes to its PCIs in this filing. See TRP Form PCI-I.

1. GDP-PI

Not applicable for this filing.

2. Productivity Factor

Not applicable for this filing.

3. Exogenous Costs

Not applicable for this filing.

a) Regulatory Fees

Not applicable for this filing.

b) Investment Tax Credit Amortization

Not applicable for this filing.

c) Telecommunications Relay Service

Not applicable for this filing.

d) North American Numbering Plan Fee

Not applicable for this filing.

e) Universal Service Fund

In the CALLS Order, the Commission established an end user charge to recover all Universal Service Fund (USF) contributions. These contributions were previously treated as an exogenous cost. Consistent with the Commission's decision in CALLS, Aliant removed all USF contributions from the exogenous cost calculations and established a rate element to be applied on a per line basis to recover all USF contributions. This filing increases that rate element to recover the additional expenses to be incurred by Aliant as a result of the 1st quarter 2001 contribution factor released December 8, 2000 in DA 00-2764. See Federal End User Universal Service Fund Charge worksheet.

4. Base Period Demand

Base period demand is the actual demand for each rate element during calendar year 1999, with the exception of the aforementioned USF element which was recalculated using June 2000 access lines.

5. Existing Rates

Existing rates are those rates that became effective on August 11, 2000.

6. CCL Minute Growth Per Access Line

Not applicable for this filing.

C. Pricing Bands

Aliant calculated its applicable upper pricing bands in accordance with the Price Cap Rules. See TRP Form RTE-1.

D. API and SBI Development

Aliant calculated the applicable APIs and SBIs in accordance with Price Cap Rules. See TRP form RTE-1. Aliant's APIs do not exceed the applicable PCIs and its SBIs do not violate the applicable upper pricing bands. See TRP form IND-1 and RTE-1.

E. Common Line

1. Subscriber Line Charges

a) Projected Subscriber Line Demand

Not applicable for this filing.

c) Subscriber Line Charge Development

In the filing that became effective August 11, 2000, Aliant reported USF support being received in the amount of \$774,025. Aliant, at that time and currently, receives zero USF support. The \$774,025 was the amount of USF expense that Aliant was proposing to recover from End Users through the new rate element discussed above. By including this amount as USF receipts, Aliant effectively lowered the amount they are allowed to recover through the various SLC rates. The change in rates as well as the change in revenue can be seen in Exhibit SLC.

The SLC rates were developed for Primary & Non-Primary Residence, Multiline Business, Single Line Business and Centrex according to the Price Cap Rules. Per CALLS, effective July 1, 2000, the caps for primary residence and SLB SLCs were increased to \$4.35 per line. See TRP Form CAP-1.

2. Presubscribed Interexchange Carrier Charge (PICC)

Not applicable for this filing.

3. Per-Minute Rates

Not applicable for this filing.

F. Special Access

This filing is being made to correct the 36 and 60 month channel termination rates for DS3 zones two and three. Since July of 1999, these rates have been higher than the month to month rates. Aliant currently has no demand for these services, therefore lowering the rate has no revenue impact. The affected rates are listed on Aliant Communications Co. Tariff F.C.C. No. 1 pages 433, 435, 439, and 441.

LTNE - Aliant Communications
CALLS TRP
December 18, 2000 Mid-Year Explicit USF Filing

<u>Rate Element</u>	<u>Base Period Demand</u>	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>Demand Times Current Rate</u>	<u>Demand Times Proposed Rate</u>
Basket 1 - Common Line					
** END USER SERVICE CATEGORY **					
EU - MULTI-LINE BUSINESS	592,627	\$6.04	\$6.69	\$3,581,640	\$3,966,847
EU - CENTREX	394,563	\$6.04	\$6.69	\$2,384,607	\$2,641,073
EU - RESIDENCE PRIMARY	2,057,578	\$4.35	\$4.35	\$8,950,464	\$8,950,464
EU - SINGLE-LINE BUSINESS	100,261	\$4.35	\$4.35	\$436,135	\$436,135
EU - RESIDENCE NONPRIMARY	204,669	\$5.41	\$6.05	\$1,107,259	\$1,238,247
EU - LIFELINE / SLC WAIVER	75	\$4.35	\$4.35	\$326	\$326
EU - SPECIAL ACCESS SURCHARGE	9	\$25.00	\$25.00	\$225	\$225
TOTAL END USER				\$16,460,657	\$17,233,319
** CARRIER COMMON LINE SERVICE CATEGORY **					
CCL PREM - TERMINATING	561,139,246	\$0.000000	\$0.000000	\$0	\$0
CCL NPREM - TERMINATING	0	\$0.000000	\$0.000000	\$0	\$0
CCL PREM - ORIGINATING	245,908,446	\$0.000000	\$0.000000	\$0	\$0
CCL NPREM - ORIGINATING	0	\$0.000000	\$0.000000	\$0	\$0
MULTILINE BUSINESS PICC	592,627	\$0.00	\$0.00	\$0	\$0
CENTREX PICC	99,229	\$0.00	\$0.00	\$0	\$0
RESIDENCE PRIMARY PICC	2,057,578	\$0.00	\$0.00	\$0	\$0
SINGLE LINE BUSINESS PICC	100,261	\$0.00	\$0.00	\$0	\$0
RESIDENCE NPRIM PICC	204,669	\$0.00	\$0.00	\$0	\$0
LIFELINE PICC	75	\$0.00	\$0.00	\$0	\$0
TOTAL CARRIER COMMON LINE				0	0
		\$0.00	\$0.00	\$0	\$0
TOTAL COMMON LINE				\$16,460,657	\$17,233,319